Clarifications to the 2013 Qualified Allocation Plan as of April 24, 2013

Question: Can a consultant or someone who has worked for a developer claim points under Section 2.7 (A) on page 23 of the QAP if they were to form their own development company in order to apply for tax credits or must they have been previously identified specifically as a developer or co-developer?

~~**Response:** A consultant or someone who has worked for a developer can't form their own development company and then use that experience to claim points for development experience for the new entity, as the new entity will not have demonstrated the financial capacity to complete the project.~~

This question was posted prior, but has been moved to the top for clarification purposes. The response below supersedes the previous response directly above.
Question: What person or entity is eligible to receive Developer Experience points?

Response: TAB 8, Section 2.9 (H) of the QAP outlines items which will be evaluated to determine eligibility for the Developer Experience points. TAB 8 provides guidance for the evaluation of both the Developer and the Development Team.

The following question was posted prior, but has been moved to the top for clarification purposes. The response below supersedes the previous response directly above it.

Question: What types of structures qualify for points under Acquisition/Rehab or Acquisition/Demo of a Blighted Structure or Stalled Project?

Response: ~~In order to receive points under Section 2.9 X in the 2013 QAP, the project must have either been placed in service as a multifamily structure or be a stalled multifamily project. Rooming houses, hotels, or other commercial structures may be submitted as projects, but will not qualify for points under this section. Section 2.9(X)(1) on page 48 of the QAP clarifies that "only Projects that include the Acquisition and Rehabilitation of existing multifamily developments, shall qualify for points in this scoring category." In addition, Section 2.9(X)(2)(b)(iii) on page 52 states: "The Project must have been Placed in Service for its intended use as a multifamily development."~~

- ~~Projects where the applicant proposes the demolition and new construction of a site whose non-multifamily housing use is obsolete, or where housing better suits the market does not qualify for points under this category.~~
- ~~Adaptive reuse projects do not qualify for points under this category.~~

- ~~Demolition of a blighted structure that is not multifamily does not qualify for points under this category.~~
- ~~Demolition of a partially built structure that is not multifamily does not qualify for points under this category.~~

Response: Section 2.9(X)(1) on page 48 of the QAP clarifies that "only Projects that include the Acquisition and Rehabilitation of existing multifamily developments, shall qualify for points in this scoring category." In addition, Section 2.9(X)(2)(b)(iii) on page 52 states: "The Project must have been placed in Service for its intended use as a multifamily development." To qualify for either of the two categories for points in Section 2.7(J), the Applicant must provide adequate documentation that the existing structure is currently a multifamily development.

Question: For the Enhanced Supportive Services, does the non-profit need to create an entirely different document or can they incorporate that information within the context of the Exhibit N?

Response: Exhibit N documents the Supportive Services to compete in the Supportive Housing set-aside (documented at Tab 19) and claim points for Occupancy Preferences (documented at Tab 20). The detailed services plan to earn points under the Enhanced Supportive Services scoring category, which is documented at Tab 21, is above and beyond the services described in Exhibit N. The claim for points under each category must be clearly identified in each Tab. ADOH will not request clarification during the application review process.

Question: Form 26 states that the Applicant is certifying that the Project's Total Development Cost (on form 26) Matches Form 3, section 18- which is the total including all cost and reserves. Is that form not correct and does it need re-worded?

Response: The certification on Form 26 refers to the Total Development Costs on Form 3 – Section 18. As the defined calculation for Form 26 on page 53 in Section 2.9(Y) removes the cost of the land and reserves, Applicants may certify that it matches the TDC on Form 3 – Section 18. If the Applicant is uncomfortable with certifying the way it is stated, the Applicant may put the following language after the certification "except for land costs and reserves".

Question: May an applicant include the difference between the lower appraised value of land and the higher actual purchase price in the sources and uses and show the source of the cost as coming from deferred developer fees?

Response: No, for projects where the land purchase price is greater than the appraised value complete the application as follows:

- Show the appraised value on Form 3 and input sources accordingly; and
- Include a statement in the application regarding the situation, explaining why the purchase option amount is more-i.e., why the Owner is willing to pay more than appraisal price and Owner will fund this from cash or grant sources, which are independent from the proposed sources for the project.

Question: Section 7.2 Calculation of Tax Credits – Within this subsection A. Eligible Basis Analysis, Tax Credits are calculated by multiplying the Eligible Basis by 130%. Within an Acquisition/Rehab Project, can the 130% also be applied to 4% Acquisition Credits as well as to the 9% Eligible Basis column within the Development Budget?

Response: No, Acquisition Credits are never eligible for the boost.

Question: Section 2.8 Tiebreaker **–** How is the first tiebreaker criteria calculated, specified in the QAP as "the most Efficient Use of Tax Credits per unit"? My confusion is that Section 2.7 N. is titled "Efficient Use of Tax Credits," and deals with the Total Development Cost being 10% or 20% below the 221(d)(3) limits. Does the tiebreaker calculation deal with this Section 2.7 N, or is the calculation simply annual tax credits divided by number of units, or is it some other calculation?

Response: In the event there is a tiebreaker, ADOH will calculate the annual tax credits divided by the number of units in the project.

Question:
Two quick questions about the election we will make Form 22 in the red circle below for scoring purposes:

1) Do the 40% and 50% units need to be equally represented across all unit type? Or do you allow uneven distribution? I suspect not, but wanted to ask you.
2) Some states are even more rigorous, and require that for scoring purposes, an income restriction is not met unless all unit types also reflect the same restriction. In this case, not only must the entire project have 35% of its units at 40% AMI, but there must also be at least 35% of each unit type at 40% AMI as well. Does ADOH require this? Or will a project average across all bedroom types be okay?

Response: ADOH underwrites rent restrictions imposed by the statutory requirements of each financing source in the project and encourages a proportionate distribution across all unit types for any units set-aside at 40% and 50% AMI. The number of restricted units and the corresponding AMI rent and income limits will be designated in the LURA.

Question: Would an award of gap financing trigger federal prevailing wages?

Response: An award of Gap financing may trigger Davis Bacon Wages. Please consult Section 1.9(A) of the State Housing Fund Program Summary & Application Guide ("SHF Guide"), which may be found on ADOH's website at the following link:

http://www.azhousing.gov/ShowPage.aspx?ID=453&CID=16

The SHF Guide provides information regarding the threshold to trigger Davis Bacon, as well as information on the applicable HUD handbook.

Question: Must all applicants reflect a $0.86 underwriting in our applications? Or can we show a higher credit price if supported by a letter from an equity provider?

A directly related question is how would a higher credit price relate to the Gap Financing Application? A higher price per tax credit of course reduces the financial gap, but should the application we submit reflect the financial gap created by a $0.86 equity credit price, or by the gap left after a higher credit price we may be able to achieve? Essentially, what determines or limits the amount of Gap Financing we may request?

Response: Your application for tax credits and gap financing should only include one equity price. Section 7.1(C)(5) on page 72 of the QAP states that ADOH will use the greater of the pricing provided at the QAP workshop ($.80 – rural or $.86 – urban) or the Applicant's equity pricing as indicated in the tax credit syndicator/equity investor Letter of Interest or Intent. You may refer to the ADOH Gap Financing & Layering Analysis which begins further down the page for information regarding how ADOH will determine the amount of gap financing.

Question: If we are going for 15 points under Section 2.7(N) Efficient Use of Tax Credits, but should later desire to put more cost into a deal than is allowable under 221(d)(3) costs, is it okay if we do so and just exclude that amount out of eligible basis? Or must the application not show any additional costs above 221(d)(3) limits? What should the application show in this case?

Response: Section 2.9(N) provides points for the Efficient Use of Tax Credits. If you seek points under this category and your project later incurs additional costs that increase the Total Development costs, as defined in Section2.9(N)/Tab 26, above the threshold to earn points under this section, your project will be re-scored. If the re-scoring results in a noncompetitive score such that one or more qualified low-income housing tax credit applicants has a higher scoring application and has not received a reservation of tax credits under the 2013 QAP, the entire Reservation of low-income tax credits for the Project may be recaptured.

Question: Must the attorney that provides the Legal Opinion in Tab 5 be admitted to practice law in Arizona?

Response: Arizona law requires that the Arizona law portion of the legal opinion letter must be from an Arizona attorney. Arizona lawyers are permitted under the legal opinion rules to rely upon opinions of other law firm as to federal and other state law. So, submitting an opinion from the Arizona lawyer on the Arizona law portions and submitting an opinion on the federal portion (and the state law portion if the entity is formed in another state) from a non-Arizona attorney is permitted, BUT the non-Arizona opinion must also be addressed to the ADOH and not the Arizona lawyer.

Question: Does the contractor we list in the application need to be registered / licensed in Arizona at the time of application? Or can it be registered later once we get our allocation?

Response: General Contractors need to be registered and licensed in the State of Arizona Registrar of Contractors at the time they perform activities for which licensure is required.

Question: If we have a non-profit co-developer are they required to sign an application certification? In the past we have just had the lead developer (Gorman) sign and I wanted to confirm that that is sufficient or if I needed an additional certification.

Response: An authorized representative of the Applicant as stated on Page 1 of Form 3 must sign the Applicant Certification and Indemnification.

Question: Under Pg 23 of the QAP 2.7 B states. "5 points are available if the land is "owned" by the applicant. Please define the definition "owned".

Response: Land is "owned" by the Applicant if the Applicant entity holds fee title to the property and can provide a recorded deed listing the Applicant entity Applicant as the grantee and a settlement statement prepared by the title company evidencing the purchase of the property, as stated in the QAP Section 2.9(I)(2)(c).

Does Page 37 2 B a binding commitment to transfer the land to the applicant meet the definition of owned for scoring purposes?

Response: If the land is being transferred from a Tribe or Local Government, and the application meets the requirements under both Section 2.7(B) and Section 2.9(I)(2)(b)& (f), the application may claim the 5 points for Job Creation. It does not meet the test for Section 2.7(M) for ownership by the final Applicant entity. Otherwise, Section 2.9(I)(2)(b) on page 37 is a minimum level of site control in order to submit an application and does not qualify for points under any scoring category.

Question: Do gap applications for acquisition/rehabilitation projects without permanent displacement require Form R?

Response: No, Form R is only required for projects where permanent relocation is part of the project.

Question: Please clarify when the GINs should be sent out - before the application is submitted or after the Gap funds have been awarded.

Response: If you are applying for Gap financing, the intent of the acquisition is for a federally funded project and the provisions of the Uniform Relocation Act and its implementing regulation apply. 49 CFR Part 24 §24.203 includes information on relocation notices. The General Information Notice (GIN) is to be sent out "as soon as feasible", but no later than the Initiation of Negotiations.

Question: Should the acquisition cost of existing property buildings be included in the actual Total Development Costs for Tab 26/Form 26?

Response: Yes, the acquisition of the buildings must be included in the calculation. Only the land and reserves are excluded from the Total Development Costs for purposes of Form 26. Section 2.9(Y)/Tab 26 states "exclude the lesser of land cost or the appraised land value, and project reserves." There is a line for "Land" on Form 3. The Building is not part of that line item.

Question: Is it possible to obtain points for a planned bus stop as part of a Frequent Bus Transit System, as is possible for a planned High Capacity Transit Station?

Response: The QAP, as written, does not provide points for a planned bus transit stop under Section 2.7(E), for which documentation requirements are provided under Tab 18. Two different Transit Oriented Design ("TOD") scenarios are presented in the QAP Tab 18. They are differentiated between TOD projects that are within specified proximity to a "Frequent Bus Transit System" or that meet other parameters with respect to a "High Capacity Transit Station." The QAP makes no provisions – as it expressly does for the rail-based transit system – for award of TOD scoring points to a project relying on a bus-based transit system that is not currently in place and operational.

Question: We downloaded all of the application materials from the ADOH website in the beginning of January when they were uploaded. Have any of them been updated since then? The GAP application that is on the website now appears to be different than the one I downloaded previously. There's no date or anything posted on the website for me to know what's the most current. Can you advise?

Reponse: ADOH has not posted a new Gap Application form. However, as a point of clarification, the Gap Application has drop down menus and begins with the "cover sheet". If your form does not, please check it against the one that is currently posted and download the current form. In addition, Information Bulletin 09-13 shared that an updated Form 3 was posted on April 18th which provides formulas for three unlocked cells.

Question: Where can I find the requirements for the Housing First Model under Section 2.9(S)(2)(e)? Is there a list?

Response: The items in Section 2.9(S)(2)(e) only offer a short list of potential requirements. However, your architect will need to certify that the design meets the Housing First Model design recommendations. They can be accessed at the following website: http://documents.csh.org/documents/CSHConsultingGroup/Products/RecommendationsforDesigningPSHFINAL.pdf

You should discuss these guidelines with your architect and provide a narrative regarding how the project design meets the Housing First Model philosophy. If your design deviates from the list of recommendations, you should also write a waiver request that demonstrates that how particular design recommendation is unsuitable for your particular project and that your project complies with the Housing First Model design philosophy.

Question: Can you confirm that there is definitely not going be a non-profit set-aside this year?

Response: Yes, the 2013 Non-Profit Set-Aside was satisfied through the forward allocation of 2013 LIHTC in 2012.

Question: If there is no Non-Profit set-aside this year, is it necessary to submit the documentation in Tab 7 for a Non-Profit organization submitting in the General Pool?

Response: No, with the exception of Form 7 if you are competing under Tab 21, it is not a requirement to submit the documentation in Tab 7 for a Non-Profit organization submitting in the General Pool. Form 7 is also used to certify the Non-Profit participation under Tab 21. Tab 21 does not require that the non-profit organization receive 25% of the developer fee if it is not competing for a non-profit set-aside. So, you may cross out B when checking II on Form 7, if it is not applicable to your project.

Question: For scoring points under Tab 21 "Enhanced Supportive Services" (10 points), must applicant submit a resume of a current employee of the nonprofit for the resident services coordinator position? Alternatively, can an applicant still qualify for these points by submitting a detailed enhanced supportive service plan that includes a job description of an individual who will be hired to fill this position, including qualifications and experience, and a description of the non-profit's ability to supervise/support such an individual?

Response: Please refer to Exhibit N for specific requirements regarding the documentation that must be submitted in order to document the personnel experience in this area. Exhibit N Items 7 and 8 outline the resumes and job description(s) that are required.

Question: For Section 2.9 M/ Tab 13 (for projects with Households with Children), do the Schools that are rated B or better have to be within a 1/2 mile of the project instead of just the school district boundaries? For Section 2.9 (T)/ Tab 20 it seems the project just has to be located within the school boundary lines rated B or better, correct?

Response: There are two different scoring categories: Service Enriched Location and Occupancy Preferences for which points are available for school location. A project may be eligible for points under one category and not earn them under another category.

Service Enriched Location Section 2.7(C) corresponds to Section 2.9/Tab 13 and *does* require that the school be within the ½ mile radius. These 10 points are available to projects that are within ½ mile or 2-mile radius (depending upon urban/rural project type) of a grocery store, school, or senior center (depending upon project type).

Occupancy Preferences Section 2.7(F) on page 28 indicates that a Project may earn 5 points for its location "within the school boundary lines of an elementary, junior high (if applicable), high school, K-12, charter school or alternative school rated "B" or better by the Arizona Department of Education….In the absence of school district or boundary lines, the definition includes the school (of the type listed) closest to the project." Section 2.9T/Tab 20 corresponds to this tab and requires documentation from the Arizona Department of Education, but does not list a distance because it must be within the school district boundaries (unless it is a charter or alternative school without district boundaries, in which case it must be the school closest to the project).

Question: ADOH has been asked what documentation will be required under Section 2.9(S)/Tab 19 to provide evidence under Section 2.9(S)(1)(c) and Section 2.9(S)(2)(d) which both state: "Adequate financial support must be in place in order for the Project to be viable."

Response: Applications requesting consideration under the Supportive Housing set-asides will be assessed as follows:

The documentation requirements of the QAP:

> (i) for all aspects of the Application submittal and required supporting documentation, for pertinent provisions of the QAP, refer to[1] Sec. 2.2, Sec. 2.4, Sec. 2.7, Sec. 2.9,
>
> (ii) under the definitions, general and specific policies and goals, and reserved rights of the Department,[2] Ref QAP definitions, Sec. 2.4, Sec. 2.5, and
>
> (iii) the QAP requirements for qualification for set-asides generally,

apply with respect to qualification of the Applicant's project for these set-asides,[3] Ref QAP Sec. 2.6, Sec. 2.7.

These requirements, therefore, must be met by the Applicant, and if not satisfactorily met in the Department's sole judgment and discretion may disqualify the application and project for inclusion in the Supportive Housing set-aside. The additional guidance provided below is precisely that. It consists of information and guidance only that attempts to demonstrate in a theoretical manner how the Department might view a limited application of the QAP requirements. It cannot and does not revoke or replace any applicable requirement of the QAP for the Application review, qualification, scoring, or underwriting.

For the set aside for the Chronically Homeless individuals with a preference for veterans with rents designated at 30% AMI and supported with Rental Assistance, the QAP states under Section 2.9(S)(1)(a) "Highest priority in this set-aside will be given to Projects that meet the requirements stated herein and have the most housing Units dedicated to Chronically Homeless individuals." Therefore, the first analysis will consider whether the application meets all of the requirements for the set-aside, as outlined in Section 2.9(S)(1)(a-f).

Assuming that evidence to meet items a, b, d, e, and f is provided, item "c" rental assistance will be ranked in order of the strength of the commitment for Rental Assistance. Rental Assistance is defined as "Section 8 Vouchers, VASH Vouchers, U.S.D.A. or privately funded assistance. If privately funded, Applicant must substantiate a minimum of three years of providing rental assistance in other Projects including documentation that the proposed privately funded assistance is available and sustainable through the Compliance Period." Some examples of levels of commitment include the following in order of highest consideration:

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[1] QAP, Sec. 2.6, Set-Asides, Sec. 2.7 Submittals and Project scoring.

[2] QAP, Sec. 2.2 on general and specific policies and goals, Sec. 2.4 overall submittal requirements, ADOH may in its sole discretion determine compliance and decide whether to reject an Application for non-compliance or for various legal and policy grounds.

[3] QAP, Sec. 2.6, Set-Asides, Sec. 2.7, Submittals and Project Scoring.

- an executed contract (binding commitment) for rental assistance, either public or private;
- a letter of interest specifying the terms of the contract with a firm date to enter into a contract;
- a letter from a government entity, or other entity with the capacity to apply directly for assistance, stating a willingness to apply for rental assistance for the project will be considered if a stronger commitment is not submitted with another application requesting the set-aside.

The above examples and those that follow are not all inclusive. Additional or alternative means of demonstrating the strength of the commitment for rental assistance that provide similar levels of commitment will be considered by the Department in its sole judgment and discretion. By way of general example and subject to satisfactory evidence and strength of commitment being shown as to the individual application and project, alternatives that could potentially be acceptable may include:

- another form of binding or enforceable arrangement that would provide equivalent strength of commitment as would an executed, binding contract;
- a term sheet (that should be irrevocable by the other party for a reasonable period of time) containing all significant terms of agreement with a commitment to enter into a binding contract on those terms upon award of LIHTC Tax Credit reservation (within the time period of the irrevocable term sheet);
- a letter as described in the third item above, with a governmental entity, acknowledging that the public entity cannot be bound to an agreement without a contract being finalized and approved by a vote of the governing board, but with a commitment by highest staff levels to positively recommend the proposed contract for approval.

These examples are provided as a guide to how ADOH will likely assess commitments provided in the application.

If only one project requesting the set-aside has an executed contract, that project that complies with and fulfills all other applicable requirements of the QAP will receive the allocation. If more than one application submitted includes an executed contract for project based rental assistance, the project among them with the highest number of units dedicated to Chronically Homeless individuals will receive the set-aside. If both the level of commitment and the number of units dedicated to Chronically Homeless individuals are the same, the project among them with the highest QAP score will receive the set-aside.

If no applications include an executed contract, ADOH will consider projects with a letter of interest specifying the terms of the contract with a firm deadline to enter into a contract in accordance with the above paragraph. If no applications include an executed contract or a letter of interest specifying the terms of the contract with a firm date to enter into a contract, ADOH will consider letters of intent to apply for project based rental assistance as outlined above.

In the event that a reservation is issued to a project pending a binding commitment to provide project based rental assistance, the project will be required to provide that binding commitment prior to equity closing. If the binding commitment is not provided within six months of the reservation letter, ADOH will cancel the reservation and provide a reservation to the next highest scoring project in the set-aside. If no project is able to provide a binding commitment for project based rental assistance, all applications submitting a request for the set-aside will be considered in the general pool.

The set-aside for "Chronically Homeless Individuals or Chronically Homeless Families both with earnings of 30% AMI Project" will be analyzed in a similar manner to the set aside for Chronically Homeless individuals or families above.

The Department's consideration of the Applicant's proposed means of meeting the requirements discussed herein is acknowledged by the Applicant (through its submittal of an Application under the referenced QAP Set-Aside) to involve the Department's exercise of its sole judgment and discretion among other considerations as to which application(s) best serve the LIHTC program policies and goals, as established in the duly-adopted QAP. The Department reserves the right to add some or all of the Tax Credit to the amount available for general allocation and the Applications for Set-Aside of those Tax Credits to the general applicant pool, if in the Department's sole judgment and discretion, the purposes, policies and goals of the LIHTC program would be better served by doing so.

Question: Form 7 states in Section II for Tab 21, " B) The Non-Profit Organization will receive a minimum of 25% of the total Developer Fee". The 2013 QAP doesn't require any payment of Developer Fee under Tab 21 only under Tab 7 if applying in the Non-profit set aside which was met through forward allocations in 2012. Should I cross out B when checking II. box if we are applying under Tab 21?

Response: Tab 21 does not require that the non-profit organization receive 25% of the developer fee if it is not competing for the non-profit set-aside. You may cross out B when checking II on Form 7, if it is not applicable to your project.

Question: May a third party management agent complete the compliance training required of a developer on its behalf?

Response: Section 8.1(C)(2) of the QAP identifies the compliance training that must be completed by the property management agent on an annual basis. As stated on page 6 of the QAP, the Developer is required to attend once every five years. An employee or principal of the Developer, Co-Developer or development Consultant identified at the top of page 2 of Form 8, must attend the compliance training. While the property management company is identified on Form 8 as a member of the development team, they are not eligible to meet the requirement on behalf of the Developer.

Question: Exhibit D- 2013 Mandatory Design Guidelines Section X Item F states: "Perform an energy analysis of existing building condition, estimate costs of improvements, and implement measures that will improve building energy performance by 15 percent from pre-renovation figures." What is the timeline for that work? Is it to be done for the application for funding or to be done if the project is awarded but prior to the start of construction documents?

In addition, at the top of the Design Guidelines Section X it states: "Applicant shall provide a 10% unit sampling by a, Home Performance Contractor, participating in the Arizona Home Performance with Energy Star Program, to determine the scope of work." Is that required to be done for the application or after award?

Response: The energy analysis required in the Design Guidelines at Section X(Item F) and the 10% unit sampling required at the top of Section X may both be performed upon award but prior to the start of

construction. However, the application requires that the architect be able to make the certifications on Form 16 at application. If the architect is comfortable certifying that the project will be able to meet all of the requirements without completing the energy analysis and the 10% sampling prior to the application, that is allowable as long as the project meets all of the requirements upon completion. In addition, ADOH will not increase the number of tax credits, should the scope of work required to meet the required 15 percent improvement over pre-renovation figures create an increase in project cost.

Question: Is there a cap on the cost of operating expenses? Can we go over $4,500 a unit?

Response: the $4,500 is the amount that ADOH underwrites. (See 7.1(C)(2)(a) of the QAP.) Expenses must be reasonable and justified.

Question: If a developer has an existing Assessment of Obsolescence in accordance with Section 2.9(X)(2)(a) for an Acquistion/Demo and New Construction project, does it have to be re-done this year?

Response: Section 2.9(X)(2)(a)(iii) states that a "dated photo of each building taken no more than 60 days before the Application Deadline Date" is required. The entire Assessment of Obsolescence does not need to be re-done, but does need to be included in the application with dated photos of the building exterior(s) to demonstrate that the obsolescence of the building has not changed. An earlier clarification allows due diligence submittals to be dated the appropriate number of days prior to application submittal; the photos may be dated 60 days prior to when you submit your application.

Question: Can a "rural" project be located in Maricopa county if it's eligible for and utilizes USDA 538 financing? Would it then be eligible for 10 points or 20 points per 2.8 (L)?

Response: It is possible to receive partial points under Section 2.7(L) as follows:

- Ten points are available for Projects located outside of Maricopa and Pima Counties.
- Ten points are available for Projects funded by USDA/RD through Section 514/515/516 or 538 Programs.

In order to receive the full 20 points, the project would have to meet both criteria.

Question: A project is within the boundaries of a high school rated B or better. The elementary school and middle school are not rated B or better. Does that project qualify for the points under 2.9 T. 1. Households with Children?

Response: Five points are available to Households with Children projects that are "located within the school boundary lines of an elementary, junior high (if applicable), high school, K-12, charter school or alternative school rated "B" or better by the Arizona Department of Education." Since it is "or" rather than "and" only one school is required to have that "B" or better rating.

Question: A project is 20 years old and is being submitted as an Acq/Rehab project. The project does not comply with the unit square footages, bedroom square footages, and/or number of bathrooms per unit size as indicated for new construction in Exhibit D Design Guidelines. Do all the units need to be brought

into compliance with these aspects of Exhibit D where the only way to do that would entail a virtual teardown and new construction of each unit/building?

Response: Page 10 of Exhibit D states that "Applications must propose a scope of work appropriate to the building(s), as reflected in the Capital Needs Assessment." It goes on to provide a list of elements that must be considered in the CNA. Unit square footages, bedroom square footages, and/or number of bathrooms per unit size is not among those elements. It would be prudent to explain how the scope of work differs from the new construction requirements in Exhibit D in a waiver request, as applicable.

Question: A licensed, registered Architect is engaged to design a Project. Can that same Architect be employed to perform the CNA? The Architect has no financial ownership interest in the project but does have a Contract for the Design and Supervision work.

Response: Section 2.9(X)(1)(e) on page 49 of the QAP states that "the CNA report must be prepared by a qualified professional, architect or engineer, who has no financial interest in the Project and no identity of interest with the Developer. For purposes of this Scoring Category, a “qualified professional” is a licensed professional, architect or engineer, who can substantiate a minimum of five years’ experience providing CNA reports in accordance with ADOH standards, and who performs the assessment and supplies ADOH with their professional opinion of the property’s current overall physical condition. The preparer must include a certification that it meets these requirements." If the architect meets these requirements and does not receive a financial benefit in addition to the fee for the CNA and Architectural Design and Supervision work, they would qualify to perform those services on your behalf.

Question: Are Forms 9 and 9-1 for Job Creation required as exhibits in 2013? They are referenced in the checklist.

Response: Forms 9 and 9-1 are not required for the 2013 LIHTC application. Section 2.9(I)(4)(c) of the QAP states “Applicant must attach documentation in evidence of the Local Government’s final site plan approval”. While the checklist does reference the two forms with the tag “if applicable”, the job creation requirements are different this year, and therefore these forms are not applicable in the 2013 application. A letter from the unit of local government or other evidence indicating that the final site plan has been approved will meet the requirements of Section 2.7(B) and Section 2.9(I)(4)(c).

Question: Please clarify how the State defines "donation of land" (Tab 24, Local Government Contribution). Does the land have to be transferred into the name of the developer? Could the City still own the land and donate the use via a long-term lease?

Response: Applicants desiring to earn points under Local Government Contribution (Tab 24) for a donation of land must submit, at minimum, a binding commitment to transfer the land to the Owner or Applicant at no cost in the form of an executed commitment. The only contingency to a binding commitment may be a condition of receipt of tax credits. No other conditions will be accepted. A long-term lease is not acceptable for these points.

Question: For projects where the Utilities are mastered metered and all utilities are paid by the landlord, does the Application still have to include a Utility Allowance Schedule?

Response: No, if the property is master-metered and all utilities are paid by the landlord, the Application does not require a Utility Allowance Schedule.

Question: What is a Co-Applicant as it is referred to on page 23 under Job Creation and TAB 9, Section 2.9 (I)(4)(b)?

Answer: The reference to Co-Applicant is a typographical error. There is no such entity as a Co-Applicant. Only one entity is eligible to receive an allocation of tax credits.

Question: Are full inspections by the Arizona Energy Office required for projects that obtain LEED Certification?

Response: Projects that provide a LEED certification to the ADOH will only be required to complete and pass the pre-drywall duct test. The Arizona Energy Office will require the following to complete this test:

1. Notice—
    a. After the HVAC rough-in is complete, with all supplies/returns installed and sealed. This works best after all rough-in contractors are complete, either right before insulation or right after insulation.
    b. Before sheetrock.
2. Ladder
3. Source of electricity to run the duct blaster, i.e. extension cord and generator.

This policy is applicable to the following levels of LEED Certification: Bronze, Silver, Gold, Platinum.

Question: If a fully executed Land Lease (not an option) and a fully executed Purchase and Sale agreement for the Improvements of the Property are submitted to demonstrate site control under Tab 9, do they need to be recorded as well?"

Response: The QAP definition of site control is as follows:

"Site Control" means Applicant's evidence of ownership or control over the land required for the Project in the form of: a) a binding commitment to transfer land to the Owner or Applicant, b) a recorded deed with the Owner or Applicant as grantee, c) a long term lease with the Owner or Applicant as the lessee, or d) a lease option between Owner or Applicant and lessor of the land recorded in the jurisdiction of the property provided the lease option is not terminable at the property lessor's discretion until 180 days after the Deadline Date for submittal of the Application.

The requirement to record to document applies to "b) a recorded deed with the Owner or Applicant as grantee" and "d) a lease option between Owner or Applicant". A binding commitment to transfer the land such as a fully executed Purchase and Sale agreement or a fully executed Land Lease (not an option) are not required to be recorded. However, according to Section 2.9(I)(2)(b) the "only contingency to a binding commitment may be a condition of receipt of tax credits."

The reason for the requirement to record the option is that it is good legal practice to provide notice that the property is restricted. Applicants experiencing lender restrictions with respect to the recording of lease or purchase options may request a waiver of this requirement.

Question: Does a Capital Needs Assessment need to be completed within a certain time frame prior to application submission?

Response: Yes, the CNA needs to be dated no later than 90 days prior to application submission.

Question: May a developer prepare its own uniform relocation plan, or does it need to be prepared by a 3rd party consultant?

Response: The relocation plan may be prepared by the developer or a third party consultant as long as it complies with the requirements stipulated in Section 2.9(X)(1)(c) of the QAP.

Question: How should projects that are providing a percentage of the tenant's electric usage through solar PV reflect this in their utility allowance schedule?

Response: Section 2.9 (N) states: "Utility allowances based on the energy consumption model must be prepared by qualified professional as described in this paragraph. ADOH considers energy raters and auditors who are certified and currently in good standing with Residential Energy Services Network ("RESNET") to be "qualified professionals" for the purposes of the utility allowance regulation. Furthermore, the qualified professional must not be related to the building owner, Property Manager or any other entities owned or controlled by these parties within the meaning of I.R.C. § 267(b) or § 707(b).
Applicants who obtain estimates based on the energy consumption model must provide ADOH with documentary evidence that the estimate was prepared by a qualified professional consistent with the requirements of this paragraph. An Owner MUST review the basis on which utility allowances have been established at least once during each calendar year and must update the allowance if required."

Question: Do HOME or CDBG funds from a City or County qualify for scoring points under the Financing Commitment from Local Govt (Tab 24)?

Response: Section 2.7(I) states that the contribution must be in the form of a "cash contribution, donation of land, or waiver of fees". HOME or CDBG funds from a City or County may qualify as a "cash contribution" if the funds are granted to the project or the "loan" is a deferred and forgivable with no interest or cash flow payments.

Question: The terms "Application Deadline" and "Application Submission" are used interchangeably at times in the QAP. If an applicant is prepared to submit its application prior to the new May 1 deadline may the applicant submit due diligence materials that are within the prescribed period prior to the date that the application is submitted, rather than prior to May 1, 2013?

Response: Due to the change in deadline to May 1, 2013 ADOH will allow items that were required to be obtained a prescribed period prior to the application or submission deadline to be calculated from the date the application is submitted. However, dates calculated to go forward from the Application Deadline, such as those for Site Control, must be calculated from the Application Deadline of May 1, 2013.

Question: How are developer to allocate costs between the new construction and rehabilitation portion of projects for points under Tab 26 (Form 26)?

Response: To determine whether the project qualifies for points under Efficient Use of Tax Credits (Tab 26), utilize the following formula to determine the appropriate percentage under the 221(d)(3) limits: Using the total square footage (including common space) of the new construction component of the project, divide that number by the total square footage of the entire project -(remember to include all common space square footage in the totals). This will yield a percentage of new construction.

Example: New construction sf (including common space) 25,600 sf = .5257 or 52.57% of total
Total Project sf (total of all new, rehab & common space) 48,700 sf

Divide the percentage of new construction by 10 and *subtract* this percentage from 20%. The result is the total percentage below the 221(d)(3) limits that a project must achieve to qualify for points under this category.

Example: 52.57%/10 = 5.257%, rounded up to 5.26%, then subtract 5.26% from 20% = 14.74%
In this example, the total development costs (as defined in Section 2.9(Y) on page 53 of the QAP) for this project must be 14.74% below the 221(d)(3) limits to be awarded points.

Additional Requirements for Scattered Site Projects:
Scattered Site projects will be required to submit a completed Form 26 for each site. If any of the sites do not achieve the minimum percentage under the 221(d)(3) limits for that site, then no points will be awarded. For Acquisition/Rehabilitation projects, the Department will compare the costs allocated to each scattered site for the purpose of Form 26, with the rehab costs and descriptions stated in the CNA. Scattered Site new construction projects must submit a completed Form 26 and a third party cost estimate, prepared by a licensed general contractor, for the development of each site in the proposed project. **If the applicant fails to fully disclose all costs associated with each scattered site or misallocates costs to any site, no points will be awarded to the project under this category.**

Question: How many credits are available for the 2013 application round?

Response: ADOH forward allocated 2013 credits in 2012, and has approximately $7.6 million of those credits remaining, subject to re-calculation when the IRS issues its population figures in March 2013.

Update: $7,797,260 in credits are available for 2013.

Question: How much ADOH gap financing is available for the 2013 LIHTC round?

Response: The exact amount is undetermined until after all awards are made for the State Housing Fund NOFA later this quarter. ADOH anticipates having gap financing available, if needed, for all of the 2013 9% LIHTC awards.

Question: Will ADOH forward allocate 2014 LIHTC?

Response: ADOH may forward allocate 2014 LIHTC as stated in the QAP under Section 2.2 (E).

Question: Since the 9% credit rate has not been extended to 2014 LIHTC, do Applicants need to provide more than one scenario with their applications?

Response: No, Applicants should submit their applications with one scenario and assuming the 9% credit rate. In the event that the ADOH elects to award 2014 LIHTC to a project, ADOH will contact the Applicant to request any additional information it requires to move forward with the application.

Question: When will ADOH announce reservations for the 2013 LIHTC round?

Response: ADOH anticipates posting the List of 2013 LIHTC Reservations on August 1, 2013.

Question: Under Tab 9, if the Applicant is the eventual project Owner, that is under a Purchase Contract to purchase the land, does the project get the 5 points?

Response: In order to receive points under Section 2.9(I)/Tab 9 (Section 2.7(B)), the land must be owned by the Applicant or at the time of application unless the land is government owned or Tribal land.

Question: If the GP of the Owner/Applicant (an LP) has title to the site, does that qualify as site control for the Applicant and 5 points under the Job Creation category under Section 2.9(I) / Tab 9?

Response: The Applicant may establish site control with a "binding commitment to transfer the land to the Owner or Applicant." In order to receive points under Section 2.9(I)/Tab 9, the land must be owned by the Applicant ~~or Co-Applicant~~. In order to also receive the points under Section 2.7(M) Applicant Entity, the "Applicant" must be the final, ultimate Owner of the land/building. "Applications wherein the "Applicant" is identified as the partner, general partner, a member, managing member or officer of the final Owner may not claim points" under the Applicant Entity category.

Question: May a School District be considered as a government entity to allow a developer to receive points for site control with a purchase contract rather than already own the land?

Response: Yes, as long as the contract meets all of the requirements under Tab 9. As a political subdivision of the State of Arizona, a school district is considered a government entity.

Question: Are the units created in an adaptive reuse project considered New Construction under Tab 9 Job Creation (Section 2.9(I)(4)(a) of the QAP), since they do not qualify for acquisition/ rehabilitation points under Tab 25?

Response: An adaptive reuse project may earn Job Creation points under Tab 9, if it meets all of the criteria under the Job Creation category and if 50% of the project is New Construction from the ground up. However, the apartment units created in the existing building envelope do not qualify as New Construction.

Question: Section 2.7 (M) Applicant Entity states "5 points are available to Projects in which the final Owner is the Applicant. Applications wherein the "Applicant" is identified as the partner, general partner, a member, managing member or officer of the final Owner may not claim points under this category." Please clarify whether the Applicant and Owner must be the same entity in order to qualify for the Applicant Entity points. Can the Owner Entity change after application?

Response: The final Owner is the "legal entity that ultimately owns the project and to which tax credits will be allocated." If an application includes an interim Owner and the Applicant as the same entity, and the Owner later changes, the 5 points will be lost and the project re-scored. If the project received Job Creation points under Tab 9, and the ownership entity changes, all Job Creation points will be lost and the project rescored.

Question: Under Tab 20 there are points for Before/After School programs. Does the site need to provide services both before and after school in order to receive these points?

Response: A before and after school program is preferred. The minimum to receive points under Tab 20 would be an on-site after school program that includes an educational component that promotes academic achievement. The program must be provided each weekday that the local elementary school district is in session.

Question: Under Tab 21 – Enhanced Supportive Services, may the Arizona Non-Profit supportive services provider also be the developer/owner, or does it have to be a third-party relationship?

Response: The Arizona-based Non-Profit Organization may be a related entity or the same entity as the Developer, Applicant ~~or Co-Applicant~~, and earn points under Tab 21, if it can demonstrate proven capacity and experience to serve the proposed resident population. The Enhanced Supportive Services may not be provided by an employee of the Property Manager, except where:

- the Property Manager is the Arizona-based Non-Profit Developer of the project, and
- it has the demonstrated capacity to provide the supportive services that are being proposed in the application per the QAP.

Question: Under Tab 22 / Section 2.7 (H) page 22. Do set-asides for Homeless individuals at 30% AMI and below receive points under Low Income Targeting for 40% AMI?

Response: Yes. The 40% AMI target is a maximum and households with a more restrictive income target would qualify for those points.

Question: Under Tab 24 / Section 2.7(I) of the QAP, are AHP funds excluded from the definition of Permanent Financing?

Response: The term Permanent Financing "means long-term debt (with a term of no less than 15 years) including a mortgage or other financing evidenced by a lien against the property." Since the AHP funds are not subject to repayment to the Federal Home Loan Bank, they are not considered to be Permanent Financing under the QAP.

Question: Under Tab 24 / Section 2.9(W), is there a time limit for donation of land by a government in order to qualify for donated land points?

Response: The intent of the QAP is to motivate local government to demonstrate its desire for the project through its willingness to provide resources that reduce the overall cost of the project as proposed. The local governing body approval of the land donation to the project at no cost along with the Appraisal demonstrating that the value of the land is at least 10% of the Permanent Financing would provide evidence of this intent for scoring purposes under Tab 24 / Section 2.9(W). If the land has not yet been conveyed, it must be conveyed within 30 days of issuance of the Reservation letter in order to receive points under Tab 9 Job Creation as an "immediate" conveyance.

Question: Under Tab 24, do deferred fees that are required to be repaid from available cash flow to a Local Government qualify as a "cash contribution, donation of land, or waiver of fees" as stated in Section 2.7(I)?

Response: No, the Local Government Contribution is limited to a "cash contribution, donation of land, or waiver of fees" that does not need to be repaid and functions as a grant.

Question: Under Tab 25 / Section 2.9(X), if a developer is assembling more than one parcel and any portion of the project is not a foreclosed parcel, is the project eligible for points for foreclosure?

Response: No, the points are for a "foreclosed property", and the Department would require that the entire project has been foreclosed upon, and not just a portion of the project.

Question: Under Tab 25 / Section 2.9(X)(2)(b)(v) on page 52 of the QAP states that "the Blighted Structure must cover at least 20% of the site, and to evidence the site coverage, Applicant must provide a site plan with an engineer's certification of a minimum 20% coverage of the site by the Blighted Structure." Are site improvements considered as part of the Blighted Structure?

Response: The term Blighted Structure "means one or more structures that exhibit objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare." Parking lots and other site improvements do not qualify as structures.

Question: Is there a minimum amount for capitalized replacement reserves?

Response: No, the minimum amount will be underwritten depending upon lender and equity provider requirements, up to a maximum amount of one year of capitalized replacement reserves.

Question: Are replacement reserves considered part of operating expenses, as defined in the QAP?
Response: No, they are trended separately under ADOH's underwriting, so they are not part of the $4,200 / $4,500 operating expense calculation.

Question: Are Supportive Services fees subject to trending?

Response: No, Supportive Services fees are not escalated under ADOH underwriting, but the developer is responsible for ensuring that there is sufficient income to pay for the supportive services that are promised in the application over the Compliance Period.

Question: Is a Lease Up Reserve required for acquisition/rehabilitation projects with 95% existing occupancy?

Response: Yes, the Lease Up Reserve is still required. However, it is subject to release under the provisions under Section 7.1(C)(4)(g)(i) of the QAP.

Question: Will the ADOH consider a waiver request for the requirement to maximize permanent financing under the QAP for supportive housing projects where the equity provider will not allow permanent debt, due to insufficient cash flow?

Response: ADOH considers all waivers on a case-by-case basis, once it has all pertinent information to make a reasonable determination. When considering request to waive financial considerations, ADOH will determine whether the proposed financing conforms with Section 42(m)(2)(A), which states that "the housing credit dollar amount shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period." Additionally, pursuant to Section 7.1(B)(3) of the QAP, ADOH will not award an allocation to projects with operating revenues which are insufficient to ensure the viability of the Project through the end of the Compliance Period according to the standards described in the QAP.

Question: Page 55 Section 2.11 (H) of the QAP states that the Applicant should provide "Evidence that plans and specifications have been submitted to the Arizona Energy Office" as part of its submittal prior to closing on Equity. During Les Woody's presentation at the QAP Workshop, he indicated that the Governor's Office of Energy Policy only needs the Mechanical Plans. Please clarify the requirement.

Response: The QAP does not define "plans and specifications" as a term, therefore the interpretation of the statement in Section 2.11 (H), is that the Applicant needs to provide the plans and specifications required by the Arizona Energy Office, now known as the Governor's Office of Energy Policy (GOEP). As GOEP is currently requiring only the mechanical plans to make its determination of compliance with the QAP, that submittal will be sufficient to meet the requirement in the QAP.

Question: What documentation will the Applicant receive that acknowledges that ADOH has completed its underwriting prior to equity closing and approves the transaction to move forward?

Response: ADOH will issue a letter that acknowledges that the required documents have been submitted and that the project has satisfied the requirements for the Equity Closing Underwriting.

Question: The QAP says on section 2.5.D (page 20) that we (as applicants) need to go to have a Developer Compliance Training:

"Developer, Co-Developer or Consultant must attend Compliance Training as defined in this Plan at a minimum of every five (5) years. Developer must provide a Compliance Training certificate as a part of the 2013 LIHTC Application. The compliance overview held at any LIHTC Application workshop is not sufficient to meet Compliance Training requirements"

How can we get this Developer Compliance Training?

Response: You may provide a certificate for the training from one of the vendors found on page 6 in the definitions section of the QAP:

"Compliance Training" means instructional programs taught by authorized providers on operating and managing Projects in conformance with the requirements of I.R.C. § 42, Reg. 1.42-5, the QAP and the LURA. Approved Compliance Training providers are: ADOH, Compliance Solutions, THEOPRO, Elizabeth Moreland, National American Indian Housing Council ("NAIHC") and Spectrum. ADOH programs must be specifically designated as a valid Compliance Training program that meets the requirements of the QAP.

You may contact any of the providers listed in the QAP to determine whether there is a valid Compliance Training Program scheduled to meet this requirement in time to submit with your application.

Question: What documentation is required for points for page 30 L – Projects funded by USDA/RD through Section 514/515/516 or 538 programs?

Response: Section 2.9(K)(2) beginning on page 38 of the QAP states that applicants need to provide a letter from the funding source with term sheet, as further described in the QAP.

Question: What sort of assurance does ADOH need for the Compliance Training Certificate to demonstrate that the certificate holder is part of the development team? For example, does a shareholder of the Developer also need to be a member of the GP?

Response: The QAP states that the Developer, Co-Developer, or Consultant must attend Compliance Training. If you are listed on the application as the contact person for one of these three entities, that should suffice. It is not necessary to be a member of the GP.

Question: Can a family project that does not meet the housing occupancy preferences of Tab 20 (30% or more 3BR) earn points for location near a school under Tab 13?

Response: Tab 13 on page 40 clarifies that only projects seeking points for Households with Children under the Occupancy Preferences are eligible for the 5 points for location within ½ mile(2 miles for Rural projects) of a school rated "B" or better by the Arizona Department of Education. Other family projects that are not seeking points under the Occupancy Preferences do not qualify for points for being located within ½ mile (2 miles) of a school under Tab 13.

Question: Does the $4,200 and $4,500 on the section beginning on page 68 of the QAP 7.1(C)(2)(a) include the $65 annual compliance fee?

Response: You may include the $65 compliance fee in the Administrative Costs on page 5 of Form 3.

Question: Page 23 of the QAP states: "Up to 10 points are available to Developers and Co-Developers who demonstrate that they have experience in the development of LIHTC or Federally Subsidized low income housing projects". If an application lists both a Developer and Co-Developer, would **each** of these have to have 5 or more projects placed in service (i.e. **10 or more** projects) to gain the maximum 10 points or does only one of them have to have the 5 projects placed in service in order to gain the points?

Response: Page 36 of the QAP states that the "Developer identified in the Application must demonstrate that it has developed the Project(s) for which it is requesting points in the Developer

experience category from concept…8609 for Tax Credit Projects". Only the developer is required to have 5 or more projects placed in service to gain the maximum 10 points.

Question: With the passage of the H.R. 8, the American Taxpayer Relief Act of 2012, will ADOH be underwriting to 9% this upcoming round?

Response: Now that Congress has extended the 9% rate to 2013 LIHTCs, ADOH will underwrite applications for 2013 LIHTCs using the 9% credit rate. The December 31, 2012 date limiting the possibility to underwrite to 9% was removed from the draft QAP .

Question: Are foreclosure points available to projects that don't include acquisition/rehab or acquisition/demo of foreclosed multifamily projects?

Response: No. The points for foreclosure are additional points for those projects that already qualify for points under Section 2.9 X.

Question: Will projects following the Prescriptive path be required to "perform energy analysis, utilizing a Home Performance Contractor participating in the Arizona Home Performance with Energy Star Program. The Home Performance Contractor must evaluate the existing building condition and identify cost-effective energy improvements by preparing an energy improvement report. A 15% improvement in the energy efficiency is the baseline" (p. 43) OR is this just for those following the performance path?

Response: The top of page 43 states that this energy analysis is for projects meeting their energy efficiency requirements through a performance based path. The prescriptive path does not require this.

Question: Would a HUD Format Environmental Review in accordance with 24 CFR 50 and 24 CFR 58 be required of a project that will NOT claim job creation points? The QAP notes those requirements under Tab 9, where the requirements for the Job Creation points follow. However, Tab 9 seems to indicate that ALL LIHTC projects need a Phase I and Part 58 if there is federal funding.

Response: The requirement for the Environmental Review Record is tied to federal funding, not to Job Creation. All LIHTC projects that are partially funded with federal funds (HOME, CDBG) require the completion of a HUD Format Environmental Review in accordance with 24 CFR 50 and 24 CFR 58. The Environmental Review is not due at time of application. The acquisition of property or any physical action taken on a proposed site prior to the completion of HUD Format Environmental Review precludes the ability to use federal funds such as HOME or CDBG.

Question: If a project qualifies as being in a rural area under the 2008 Housing Act (using USDA's determination of rural) will it be eligible for the national non-metropolitan income and rent limits? In some cases those are slightly higher than the published rent & income limits put out in notice 41-12.

Response: Using the national Non-Metropolitan Income and Rent limits requires formal approval from Lisa Troy, ADOH's Housing Compliance Administrator. The ADOH Low Income Housing Tax Credit Compliance Manual also contains a decision matrix on pages 12 - 13 that may assist you in determining

whether your site may qualify for Non-Metropolitan Rents. The Compliance Manual may be found on the Department's website at the following link:

http://www.azhousing.gov/azcms/uploads/COMPLIANCE/2011%20Final%20Compliance%20Manual1.pdf

Question: Can an application for an acquisition/rehab of an existing LIHTC property which has completed its initial 15-year compliance period and is eligible for a Qualified Contract offer ("Preservation of Affordable Housing") be underwritten by ADOH at the 9% tax credit rate if the property will be placed in service and incur the necessary eligible basis costs by 12/31/13?

Response: In the event that the 9% credit rate is not extended, projects that wish to be underwritten at a 9% tax credit rate because they will be placed in service and incur the necessary eligible basis costs by December 30, 2013 may request a waiver with their application that explains proposed financing for the project and the strategy to fill any gap in the event that the project is unable to meet the December 30, 2013 deadline.

Question: Exhibit D Page 8 states:
I. Floors.
1. Surface must be carpet, VCT, sheet vinyl, or better.
Would a sealed concrete floor qualify as better?

Response: Yes, a sealed concrete floor is acceptable as long as it has the appearance of a finished flooring material.

Question: May the resident services coordinator (RSC) identified on page 47 under Section 2.9 U be an employee of the management company (whose role is to coordinate services with the nonprofit), or must the RSC be an employee of the nonprofit who is actually delivering the services?

Response: The resident services coordinator must be employee of the non-profit or third party contractor of the non-profit. This resident services coordination is not a function of the management company.

Question: Under the Job Creation category, does final site plan approval mean that the project is permit-ready? Can you please define "design review process"?

Response: We are not expecting that permits are in hand. Final Site Plan approval means development approval with respect to zoning, building type, parking, utilities etc. The QAP does not say anything about the status of the construction drawings, only that the "final site plan approval or equivalent" has been received.

Question: Will there be another Compliance Training prior to the March 1, 2013 submittal date?

Response: On page 6 under the Compliance Training definitions there are a number of options for obtaining the compliance training, some which can be completed on line.

Question: Under Development Compliance Training it says "Developer, Co-Developer or Consultant must attend Compliance Training as defined in this Plan a minimum of every 5 years. Developer must provide a Compliance training certificate as a part of the 2013 LIHTC Application."

Regarding the red "Or" above, should it be "and" instead of "or" consultant or should it list "Developer, Co-Developer or consultant must provide..."

Response: The 2013 application must contain a certification of Compliance Training Attendance. The certificate may have been obtained by any one of the three entities listed, i.e., Developer, Co-developer or Consultant. Not all three need to attend, only one.

Question: Job Creation, pg.23: Can these points be received with a straight acq/rehab where there are no new construction units?

Response: No, Job Creation points are only available to projects where a minimum of 50% of the units are new construction.

Question: E. Occupancy Preferences, pg 28: Can the additional/secondary points be earned for a family project if there are no ¾ bedroom units?

Response: No, in order to qualify for points for the Occupancy Preference for Households with Children, 30% of the total Units must have three or four bedrooms. This is a threshold requirement to receive the additional points in this category.

Question: I. Please further clarify what is allowable under Local Government Contribution, pg. 29.

Response: The Local Government contribution may be by a city, town, county, or an agency, department or similar sub-unit thereof, in the form of cash contribution, donation of land or waiver of fees. These contributions are towards the development budget and equal to at least 10% of the Permanent Financing as defined in the QAP.

Question: M. Applicant Entity, pg 30: If the applicant sets up an ownership entity that allows for the tax credit investor to be a LP and the owner to be the managing member/GP, may we receive these points?

Response: The applicant must <u>be</u> the ownership entity to receive these points. The entity provided in response to Questions 3 and 5 on the first page of Form 3 must be one and the same. To cite the entity posed in the question, a Limited Partnership that is the owner of the project is an acceptable applicant entity to receive these points.